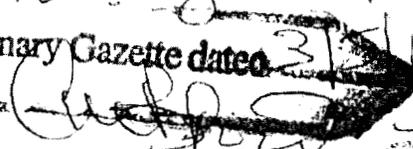


**BANKS AND TRUST COMPANIES (AUDITORS)(FACTS AND
MATTERS OF MATERIAL SIGNIFICANCE) REGULATIONS, 2011**

Arrangement of Sections

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S.I. No 30 of 2011
Extraordinary Gazette dated 31/11/11
Signature 



BANKS AND TRUST COMPANIES REGULATION ACT

**BANKS AND TRUST COMPANIES (AUDITORS)(FACTS AND
MATTERS OF MATERIAL SIGNIFICANCE) REGULATIONS, 2011**

**The Governor of the Central Bank of The Bahamas, in exercise of the
powers conferred by section 24 of the Banks and Trust Companies
Regulation Act, makes the following regulations —**

1. Citation.

- (1) These regulations may be cited as the Banks and Trust Companies (Auditors)(Facts and Matters of Material Significance) Regulations, 2011.
- (2) These Regulations shall come into force on the 2nd day of May, 2011.

2. Interpretation.

2. In these Regulations, unless the context otherwise requires —

“**Act**” means the Banks and Trust Companies Regulation Act (*Ch. 316*);

“**auditor**” means an auditor who, under sections 12 and 13 of the Act, is under a duty to give notice to the Inspector of specified facts or matters;

“**material weakness**” means a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected;

“**significant deficiency**” means a control deficiency, or combination of control deficiencies, that adversely affects a licensee's ability to initiate, authorise, record, process or report the licensee's financial data reliably in accordance with International Financial Reporting Standards such that there is more than a remote likelihood that a misstatement of the licensee's financial statements that is more than inconsequential will not be prevented or detected.

3. Facts and matters of material significance.

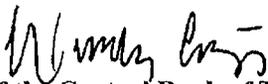
Facts and matters of material significance for the discharge, in relation to the licensee, of the Inspector's functions for the purposes of subsection (4) of section 12 of the Act shall include where an auditor —

- (a) identifies a material misstatement in the financial statements resulting from fraud, error or illegal acts, or the consequences of them;
- (b) concludes that there is substantial doubt as to the ability of the licensee to continue as a going concern for a period of one year from the balance sheet date;
- (c) identifies adjustments to the financial statements which individually or in aggregate indicate to him that the previous year's audited annual financial statements, or the current year's unaudited interim financial statements, prepared according to generally accepted accounting principles and issued to the shareholders were materially misstated;
- (d) identifies a material weakness in internal control;
- (e) has unresolved disagreements with management pertaining to the application of generally accepted accounting principles that could reasonably be expected to lead in the future to material misstatements of the annual or interim financial statements, prepared according to generally accepted accounting principles, to be issued to the shareholders in the ensuing financial year;
- (f) identifies any evidence of deliberate attempts by a chief executive or other senior executive to mislead the Inspector through the provision of materially false or misleading information;
- (g) identifies evidence of fraud or attempted fraud by a chief executive or other senior executive, or has concerns of such a serious nature as to damage materially his confidence in the integrity of the senior management of the institution;
- (h) identifies that a licensee has failed to comply with a prudential standard, a requirement under statute or regulation, a specific or general directive, or any of the terms or conditions of its licence;
- (i) identifies that a state of affairs exists or may come into existence in a licensee that may materially prejudice the interests of depositors, creditors, or other clients of the licensee;
- (j) identifies that a licensee has not taken action, within a reasonable time, to correct significant deficiencies identified by the Inspector, internal auditor or the external auditor; or

BANKS AND TRUST COMPANIES (AUDITORS)(FACTS
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- (k) identifies other material weaknesses and significant deficiencies that a licensee has not reported to the Inspector.

Made this 2nd day of May 2011


Governor of the Central Bank of The Bahamas